Budget 1996

# The Seniors Benefit

## Securing the Future

March 6, 1996

Canada

# Budget 1996



# The Seniors Benefit
## Securing the Future

March 1996

Government of Canada    Gouvernement du Canada

Available from the Finance Canada Distribution Centre
300 Laurier Avenue West, Ottawa K1A 0G5
Tel: (613) 995-2855
Fax: (613) 996-0518

and from participating bookstores.

Electronic versions also available from the same locations.
Also on the Internet at: http://www.fin.gc.ca/

Cat No.: F1-23/1996-4E
ISBN 0-662-24274-2

*“One of the greatest advances we have ever made as a country is to provide a decent level of retirement support for our seniors. As a result of our pension system, seniors today enjoy a standard of living that is substantially higher than was the case for their parents. Our obligation today is to take the action necessary to safeguard that accomplishment for our children.”*

Budget Speech
March 6, 1996

*“The next step is to ensure that the support provided to seniors through the Old Age Security and Guaranteed Income Supplement program is sustainable and will be there for the future as well.*

*As we do that, we will honour another commitment – a commitment I undertook in this House, on behalf of this government. I made a promise to current seniors that I repeat today: the OAS and GIS payments that you receive will not be reduced.”*

Prime Minister’s Speech
in the House of Commons
Reply to the Speech from the Throne
February 28, 1996

# Summary


## The Seniors Benefit

The Government of Canada is proposing a new Seniors Benefit to take effect in 2001 as part of its commitment to Canadians to ensure they have a secure and sustainable pension system now and in the future.

**Current seniors** have the right to continue in their retirement secure that change will not affect them, that they will always get at least what they get in pension payments now. That is guaranteed. In fact, many seniors will get more.

**Near seniors** have the right to enter their retirement years without worrying about having to adjust their current planning. That is guaranteed. Anyone 60 and over on December 31, 1995 will be treated the same as current seniors. So will their spouses, regardless of their age.

**Other Canadians** have the right to know that government pensions are secured for the future, that those pensions will be there. They have the right to know that those who need help will get it and that everyone will have adequate time to prepare for the future. The Seniors Benefit guarantees that as well.

## The Seniors Benefit: What it is

- The Seniors Benefit will **replace the existing OAS/GIS benefits in 2001**.
- The new benefit will be **completely tax free** and will incorporate the existing age and pension income tax credits.
- Benefits will be delivered in a **single monthly payment**. Payments to couples will be made in separate and equal cheques to each spouse.
- GIS recipients will receive an **additional $120 per year**.
- The Spouse's Allowance Program will remain in place and payments will be **increased by $120 per year**.
- For couples, the amount of the payment will be determined on the basis of the **combined income of spouses**, as is now and has always been the case with the GIS.
- Both the benefit levels and the threshold at which benefits begin to be reduced will be **fully indexed to inflation**.
- Seniors will only have to **apply once** for the benefit when they turn 65. The level of benefits will be automatically recalculated each year, based on the previous year's tax return.

## The Seniors Benefit: What it does

### *The pensions of everyone 60 and over will be protected*

Everyone 60 or over on December 31, 1995 and their spouses, no matter what age, will be guaranteed no less than current pension payments. Many will receive more under the new system. Seniors will have a choice between moving to the new system or maintaining their monthly OAS/GIS payments, as currently structured – whichever is more advantageous to them.

### *The Seniors Benefit will provide adequate time to prepare*

The Seniors Benefit will begin five years from now in 2001. That will give everyone under the age of 60 today at least five years to prepare.

### *The Seniors Benefit will help those who need it most*

It is designed to fully protect low- and modest-income Canadians. Almost all will receive slightly more. Those who receive GIS will get $120 more per year. The vast majority of seniors will be as well or better off. Fully 75 per cent of single seniors and couples will receive the same or higher benefits. Nine out of 10 single senior women will be better off under the new system.

## *The Seniors Benefit will be separated from the tax system*

The Seniors Benefit will be tax free. It will incorporate the OAS/GIS, age credit and pension income credit. The benefit will be paid monthly. Seniors will not have to report it on their income tax forms. The Seniors Benefit will not be subject to taxation or clawbacks. People will keep every penny they receive; there will be no more need to worry about what may be owed at tax time.

## *The Seniors Benefit will relieve seniors' worries about inflation*

The new system – the benefit and threshold levels – will be fully indexed to inflation. Partial indexing of clawback thresholds will no longer be an issue. This will be an important improvement for seniors who worry about eroding benefits.

## *The Seniors Benefit will treat couples equally*

The monthly benefit will be divided equally between each spouse. Each will receive a separate cheque.

## *The Seniors Benefit will make the system fairer*

For couples, the level of the benefit will be determined by the combined income of the spouses as the GIS has always been. This ensures fairness and equality in the treatment of all couples, regardless of how their income is split between spouses.

The incomes of low-income couples are currently combined to determine eligibility for additional help. It is equally appropriate to combine the incomes of higher-income couples to determine their level of government benefits.

### *How the Seniors Benefit will apply*

Single seniors and couples with total incomes up to approximately $40,000 will be protected, and many of them will receive higher benefits. Of those with incomes between $40,000 and $45,000, some will receive higher benefits and some lower benefits, depending on their exact tax situation under the current system. Those with incomes above $45,000 will generally receive lower benefits, the more income they have from other sources.

The very highest income seniors who already have secure pensions and other income will receive no government assistance. For single seniors with income above $52,000 and couples with incomes above $78,000, benefits will be eliminated.

### *The Seniors Benefit will make the system more affordable and sustainable*

The Seniors Benefit will help make the public pension system more affordable and sustainable in two important ways.

First, it will target help to those who need it most. Second, targeting will slow the rate of growth of public pensions, making them more affordable for future generations.

This will ensure that the pension system is sustainable in the future, providing a secure system for those who need it. Also, it will leave sufficient resources for other programs and services that governments must provide.

## *The Seniors Benefit and the pension system*

The Seniors Benefit will work along with the Canada Pension Plan and the Quebec Pension Plan to provide a strong, sustainable public pension system. All governments, federal and provincial, are working now to make sure the CPP/QPP is secured for the future, as well.

The public plans, in turn, will be supported by Canada's successful private pension system – employer plans (registered pension plans) and personal plans (registered retirement savings plans) – to form a system based on three strong pillars well into the future.

The government has to take account of and plan for the time when our seniors population more than doubles. The objective is to renew the entire system so it will be sustainable when the baby boom generation reaches retirement and well beyond.

# Table of Contents

# 1

# Introduction

Over the past decades, Canada has built up a retirement income system as sound and effective as any in the world.

The three pillars of the system – Old Age Security and the Guaranteed Income Supplement, the Canada and Quebec Pension Plans and private retirement savings – provide a balance of government and individual responsibility for retirement income security.

But the system now faces a challenge from the ageing of our population. By 2030, the number of seniors in Canada will more than double. This will increase the cost of our public pension programs faster than our capacity to pay for them.

Canadians are well aware of these problems and are concerned about the future sustainability of the retirement income system.

## A comprehensive plan

To ensure that our retirement income programs will be there for future seniors, the federal government is re-affirming its commitment to all three pillars of the system and is putting forward a comprehensive program of actions to strengthen each of them.

The budget includes measures to better target tax assistance for retirement saving.

The federal, provincial, and territorial governments have jointly released an information paper on the Canada Pension Plan that will serve as a basis for consultations with Canadians starting this month. The paper outlines possible approaches to ensuring the sustainability of the CPP.

## The Seniors Benefit

This paper outlines a proposal for a new Seniors Benefit to replace the Old Age Security (OAS) program and the Guaranteed Income Supplement (GIS), starting in 2001.

The Seniors Benefit will better target OAS/GIS benefits to substantially reduce their long term cost burden. **Future** seniors with high incomes will receive less; those with low or modest incomes will be fully protected. In fact their benefits will be higher than they are under OAS/GIS.

The pensions of all **current** seniors will be protected. Those who were 60 years of age as of January 1 of this year, and their spouses, regardless of their age, will be treated the same as current seniors.

By introducing changes now that will strengthen each component of Canada's retirement income system in the future, the federal government is taking the action necessary to preserve our retirement income system for future generations.

## Next Steps

The government intends to introduce legislation to the House of Commons later this year. Once the legislation is introduced, the proposal will be the subject of hearings by a Parliamentary committee. These hearings will provide an opportunity for public comment and input.

In the intervening period, submissions and comments on the Seniors Benefit are welcomed. Interested groups and individuals are invited to submit comments to the Minister of Finance or the Consultations and Communications Branch of the Department of Finance or the Minister of Human Resources Development at the following addresses.

**Mail addresses:**

The Honourable Paul Martin
Minister of Finance
Room 515S, Centre Block
House of Commons
Ottawa, Ontario
K1A 0A6

or

The Honourable Doug Young
Minister of Human Resources
Development Canada
140 Promenade du Portage
Phase IV, 14th Floor
Hull, Quebec
K1A 0J9

or

Consultations and Communications
Department of Finance
L'Esplanade Laurier
19th Floor, East Tower
140 O'Connor Street
Ottawa, Ontario
K1A 0G5

Public Enquiries Office
Human Resources Development Canada
140 Promenade du Portage, Level 0
Hull, Quebec
K1A 0J9

**Internet Homepage sites:**

Finance Canada at:
http://www.fin.gc.ca/

Human Resources Development Canada at:
http://hrdc-drhc.gc.ca/hrdc/isp/ispind_e.html (English)
http://hrdc-drhc.gc.ca/hrdc/isp/ispind_f.html (French)

**E-Mail messages to Minister Martin at:**
pmartin@fin.gc.ca

**E-Mail messages to Minister Young at:**
douglas.young@hrdc-drhc.gc.ca

For further information about the Seniors Benefit or for copies of this summary, call 1-800-343-8282, TDD: 1-800-465-7735 between the hours of 8 a.m. and 10 p.m. eastern time Monday to Friday.

**You can also obtain copies of this paper and related materials at:**

Distribution Centre
Department of Finance
300 Laurier Avenue West
Ottawa, Ontario
K1A 0G5

Telephone: (613) 995-2855
Facsimile: (613) 996-0518

# 2

# The Sustainability of Canada's Retirement Income System

Canada's retirement income system provides a basic income guarantee for seniors and helps Canadians avoid a serious disruption in their living standards at retirement.

Under this system, responsibility for the provision of pension income is shared between government and individual Canadians. There are three major components of government support for retirement incomes.

*Old Age Security Program.* Three public pension benefits – Old Age Security (OAS), the Guaranteed Income Supplement (GIS) and the Spouses Allowance (SPA) – provide seniors with a basic income guarantee. These benefits are provided out of the general revenues of the federal government.

*The Canada and Quebec Pension Plans* (CPP and QPP). The CPP and QPP are compulsory, contributory public pension plans which provide earnings-related benefits to Canadian workers and

their families for retirement and in the event of disability or death. The CPP operates in nine provinces and the territories of Canada while the QPP, a parallel plan, operates in Quebec.

The CPP is described in more detail in a recently released federal/provincial/territorial document entitled *An Information Paper for Consultations on the Canada Pension Plan.*

***Tax Assistance for Retirement Saving.*** The tax system encourages retirement saving in registered pension plans (RPPs), deferred profit sharing plans (DPSPs) and registered retirement savings plans (RRSPs) by applying a simple principle. Within clear limits, income set aside for retirement is taxed when it is received, not when it is saved. The effect is to defer taxation on both the original amounts saved and the investment earnings on them.

## Sources of Pension Income

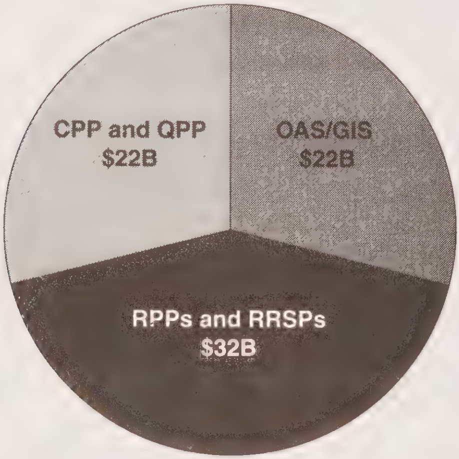
Canada's retirement income system will provide an estimated $76 billion in pension income in 1996.

About 60 per cent comes from public pensions: $22 billion from OAS/GIS and $22 billion from the CPP and QPP.

Payments from RPPs, DPSPs and RRSPs make up the other 40 per cent of Canadians' pension income – $32 billion. About $26 billion comes from employer-sponsored pension plans and DPSPs and $6 billion from RRSPs.

**Chart 1**

*Sources of pension income in Canada in 1996*




## The Old Age Security Program

*Old Age Security* (OAS) provides a maximum benefit today of about $4,760 a year to Canadians age 65 and over based on the recipient's years of residence in Canada. Benefits are taxable, and higher-income seniors repay some or all of their benefits to the federal government.

The OAS repayment is 15 cents for each dollar of individual income over $53,215. For single seniors, benefits are fully recovered at an income of about $85,000. For couples, benefits continue to be paid up to incomes of $170,000 or more.

*The Guaranteed Income Supplement* (GIS) provides additional benefits to low-income seniors based on the combined income of the recipient and his/her spouse. Together, OAS and GIS provide maximum annual payments of about $10,420 for a single

senior and about $16,900 for a couple. GIS benefits are reduced by 50 cents for each dollar of income from other sources.

As income from the CPP and QPP and private pensions has grown, the proportion of seniors receiving GIS has fallen from 58 per cent in 1973 to 40 per cent in 1995.

***The Spouse's Allowance*** (SPA) provides an income-tested benefit to individuals age 60-64 who are spouses of OAS pensioners, or are widowed. The benefit is equivalent to OAS and GIS.

Several provinces and territories add supplements to federal GIS and SPA benefits.

The following table summarizes federal expenditures on these programs and shows the number of recipients.

*Federal Pension Benefits: Number of recipients and projected expenditures in 1996*

| | **Recipients (millions)** | **Expenditure ($ billion)** |
|---|---|---|
| Old Age Security (gross) | 3.6 | 16.5 |
| Guaranteed Income Supplement | 1.4 | 4.8 |
| Spouse's Allowance | 0.1 | 0.4 |
| Total | 3.7 | 21.7 |

## The Sustainability Problem

Canada's balanced system of public and private pensions is widely seen as one of the best in the world.

However, the future affordability of our public pension programs is challenged by major demographic and economic changes that have occurred since these programs were developed in the 1960s. These challenges must be addressed to ensure that the programs will be preserved for tomorrow's seniors.

### Demographic changes

Canadians are living considerably longer than they did in the mid-1960s when the CPP/QPP and the OAS/GIS systems were put in place, and this trend is expected to continue. As a result, pension benefits are paid out over a much longer time – three years longer than in 1966 at present and 4.5 years longer by 2030.

The postwar baby boom and the subsequent baby bust (the sharp drop in birth rates beginning in the late 1960s) will have an even bigger impact on public pension costs.

The baby boom generation will start to retire in large numbers around 2011. By 2030, there will be 8.8 million seniors, more than double today's number of 3.7 million. And as a result of the baby bust, there will be relatively fewer younger Canadians in the workforce to support the escalating pension bill.

Over the next decade, there will be about five working age Canadians to help support each person age 65 and over. By 2030, there will be only three working age Canadians for every person age 65 and over.

### Economic growth

Slower growth in productivity and wage levels will compound the demographic problem by reducing the capacity of working age Canadians to finance growing public pension costs.

It would simply not be responsible to count on a return to the high wage growth or high labour force growth of the 1960s and 1970s to make our public pensions affordable.

## Implications of Rising Public Pension Costs

Public pensions make up a large and growing share of government spending. OAS/GIS costs account for nearly one-fifth of federal program spending, and this share is projected to grow rapidly over the next 35 years.

Together with the pressures of an ageing population on health and social services costs, these projected spending increases could restrict the government's ability to support other valued programs and services.

In the end, these challenges come down to two questions:

- Will young Canadians be willing and able to support the public pension system?
- Will the programs be there for today's youth when they retire?

It is crucial that we take action now to make our public pensions sustainable and affordable.

## Making OAS/GIS Sustainable: Principles for Change

The government has made a commitment that in any change to the public pension system, the OAS/GIS payments of today's seniors would be fully protected.

In addition, the 1995 budget set out basic principles for changing OAS/GIS to make these programs affordable and sustainable:

- undiminished protection for all seniors who are less well off;
- a continuation of full indexation of benefits;
- provision of OAS on the basis of the combined income of spouses (as is currently the case under GIS);
- greater progressivity of benefits by family income level; and
- control of program costs.

# 3

# The Seniors Benefit

## Introduction

The new Seniors Benefit will replace the existing OAS/GIS benefits. It will be completely tax free and will incorporate the existing age and pension income tax credits. It will begin in 2001.

The key features of the proposed Seniors Benefit are:

- the new benefit will be implemented in a manner that meets the government's commitment to today's seniors that their OAS and GIS payments will not be reduced. In fact, this commitment will be broadened to apply to everyone age 60 and over as of December 31, 1995;
- the vast majority of seniors will be as well or better off – 75 per cent of single seniors and couples will receive the same or higher benefits. Nine out of 10 single senior women will be better off;

- those most in need will be protected: and in addition, GIS recipients will receive $120 a year more;
- the benefit levels and threshold will be fully indexed to inflation. This is an improvement over the current system where the thresholds are not fully indexed;
- for couples, the amount of the payment will be determined on the basis of the combined income of spouses, as is the case now with the GIS;
- benefits will be delivered in a single monthly payment, which for couples will be made in separate and equal cheques to each spouse; and
- the Spouse's Allowance Program will remain in place and payments will be increased by $120 per year.

## Giving seniors a choice

Canadians who have currently reached, or are approaching age 65 have limited opportunity to make adjustments in their financial affairs. The new benefit will be implemented in 2001 to provide substantial notice before any changes take effect.

In addition, all Canadians who reached age 60 by December 31, 1995 (i.e. who qualify for OAS/GIS by December 31, 2000) will have the choice of moving to the new system or keeping their monthly OAS/GIS payments, as currently structured, for the rest of their lives. (These payments will continue to be fully indexed, and OAS payments will continue to be taxable and subject to the current high-income recovery.)

This means that every current senior and those over the age of 60 will receive, at the least, the same payment as they do now. If the new system turns out to be better for them, they will be able to choose the new system. In couples where only one spouse is age 60 or over, both spouses will be eligible to receive OAS when they reach age 65. Seniors may also opt into the Seniors Benefit at any time.

## Structure and Operation of the New System

### Benefit levels

The maximum payments in 2001 under the Seniors Benefit will be equal to $120 more than the maximum combined payments under OAS/GIS in 2001. The table below shows the targeting of assistance under the new benefit. (The Annex contains more detailed information on benefit levels under the new system). For example, single seniors with no other income will receive $11,420 tax free a year. Elderly couples with no other income will receive $18,440 tax free a year. For those with other income, these levels will decline as their income from other sources increases.

*Projected level of the Seniors Benefit in 2001*

| Income from other sources[1] | Tax-Free Benefit Single seniors | Elderly couples |
|---|---|---|
| | (dollars per year) | |
| 0 | 11,420 | 18,440 |
| 5,000 | 8,920 | 15,940 |
| 10,000 | 6,420 | 13,440 |
| 15,000 | 5,160 | 10,940 |
| 20,000 | 5,160 | 10,320 |
| 25,000 | 5,160 | 10,320 |
| 30,000 | 4,350 | 9,510 |
| 35,000 | 3,350 | 8,510 |
| 40,000 | 2,350 | 7,510 |
| 45,000 | 1,350 | 6,510 |
| 50,000 | 350 | 5,510 |
| 60,000 | – | 3,510 |
| 70,000 | – | 1,510 |
| 80,000 | – | – |

[1] Includes income from CPP/QPP, but excludes income from OAS/GIS, which the Seniors Benefit replaces.

## Couples where one spouse is under age 65

Under the new system, in couples where one spouse is under age 65 and the other is over age 65, the older spouse will be eligible for the Seniors Benefit. The Spouse's Allowance Program (SPA) will remain in place, so the younger spouse may be eligible for SPA if he or she is between 60 and 64 and the couple has a low income. The maximum level of assistance to these couples will be increased by $120 a year in 2001. The maximum level of SPA for widows and widowers will also be increased by $120 a year.

## Full indexation

The new system entrenches the principle of inflation protection for assistance to seniors. This is especially important for lower-income seniors who depend on these benefits for the bulk of their income. The Seniors Benefit fully indexes the benefit levels and also extends full indexation to the threshold where benefits begin to be reduced. This is an improvement over the current system where the threshold is not fully indexed.

## Combined-income testing

Under the new system, the payments are targeted on the basis of the combined income of spouses. This is the way GIS has always been calculated. Couples receiving GIS already have their benefits determined on the basis of the combined income of spouses.

Since the incomes of low-income couples are currently combined to determine eligibility for additional help, it is also appropriate to combine the incomes of higher-income couples to determine the level of their benefits. This targeting allows costs to be reduced while lower-income seniors are protected, and it ensures fairness and equality in the treatment of all couples, regardless of how their income is split between spouses.

## Relationship to the tax system

The Seniors Benefit will be simpler for seniors because it will be delinked from the tax system.

Under the current system, seniors are subject to a variety of complex tax provisions that have the net effect of reducing the after-tax value of their OAS/GIS benefits:

- OAS benefits are taxable and are partially or fully recovered from individuals with income over $53,215;
- seniors with incomes up to $49,134 qualify for a full or partial age credit;
- a pension income credit is provided on the first $1,000 of pension income; and
- OAS and GIS income is taken into account in calculating tax credits (such as the spousal credit and the GST credit).

The Seniors Benefit will be tax free. Benefits will not have to be reported on the tax return, will not be recovered at tax time, and will not be taken into account when calculating refundable tax credits.

When the Seniors Benefit is introduced in 2001, the age and pension income credits will be eliminated. Where seniors choose to continue receiving OAS/GIS rather than the Seniors Benefit, OAS will remain taxable and subject to the current high-income recovery.

## Operation of the new system

Seniors will have to apply for the benefit only once when they turn 65. The level of benefits will be automatically recalculated each year, based on the previous year's tax return.

In the case of couples, the monthly payment will be split and sent each month in separate and equal cheques to each spouse. Seniors will be able to request that their payments be adjusted immediately to take into account marital breakdown or death of a spouse. They will also be able to request an adjustment during the year to take into account a permanent drop in income in circumstances such as retirement.

## Impact of the Seniors Benefit

### Preserves pensions for future generations

The new Seniors Benefit will slow the long-term growth in the cost of public pensions that are paid out of the government's general revenues. It will do this by better targeting assistance to those most in need. This represents a major step forward in making the retirement income system more sustainable and affordable and preserving benefits for future generations of seniors.

Savings in the first year of implementation will be small because all seniors who receive OAS before 2001 have the choice of keeping these payments. But the annual cost savings to the federal government from this new system will build after its implementation in 2001. The average income of seniors is expected to continue to grow faster than the rate of inflation in the coming decades. This means seniors will rely less on the new benefit. As a result, savings from the targeting under the new system will rise.

The following table shows how the new system slows the growth in costs over the long-term.

*Projected net federal costs*

| | 1996 | 2001 | 2011 | 2030 |
|---|---|---|---|---|
| | | ($ billion) | | |
| **Current System** | | | | |
| Gross OAS/GIS payments[1] | 21.7 | 26.3 | 37.6 | 87.7 |
| Net tax on OAS[2] | -0.9 | -1.6 | -3.2 | -10.4 |
| Net Cost | 20.8 | 24.7 | 34.4 | 77.3 |
| **New System** | | | | |
| *Tax-Free* Seniors Benefit[1] | – | 22.0 | 30.9 | 69.1 |
| Gross OAS payments (for those who keep OAS) | – | 3.9 | 2.4 | [3] |
| Net tax on OAS[2] | – | -1.4 | -1.0 | [3] |
| Net cost | – | 24.5 | 32.3 | 69.1 |
| **Net Saving** – $ billions | – | 0.2 | 2.1 | 8.2 |
| – per cent of program costs | – | 0.7 | 5.7 | 10.7 |

[1] Includes Spouse's Allowance.

[2] In the current system, the net tax on OAS includes the high-income recovery and federal income taxes paid on OAS, minus the effect of the age and pension income tax credits. In the new system, it includes only the recovery and income taxes paid, since the age and pension income credits will no longer exist.

[3] Less than $100 million.

By 2011, when the first baby boomers reach age 65, the net cost savings are projected to be 5.7 per cent of projected costs under the current system. By 2030, when the cost pressures on public pensions reach their peak, the net savings from the Seniors Benefit are projected to reach about 10.7 per cent of program costs.

## Creates a fairer system of benefits

It should be emphasized that savings come from slowing the rate of growth in program costs. The Seniors Benefit will create a fairer system of benefits by targeting and increasing assistance to low- and modest-income single seniors and couples. It will also eliminate the current distortions in the treatment of senior couples caused by income testing on an individual, instead of a combined basis.

The new system will increase payments to seniors, both individuals and couples, who currently receive GIS by $120 per year. Since the payments under the Seniors Benefit will be completely tax free, they will often be worth more for seniors than the existing payments. As a result, many modest- and middle-income seniors with incomes above the GIS range will be better off under the Seniors Benefit. This will occur because moving from taxable OAS to the tax-free Seniors Benefit will reduce their income taxes and increase their GST credit payments.

In general, single seniors as well as couples with incomes (including OAS/GIS) up to approximately $40,000 will receive the same or higher benefits. Single seniors with incomes above $40,000 will receive less. Among couples with incomes between $40,000 and $45,000, some will receive higher benefits and some lower benefits, depending on their exact tax situation under the current system. Those couples with incomes above $45,000 will receive lower benefits, and seniors with much higher incomes will no longer receive any government assistance at all.

**Chart 2**

*Distribution of single seniors and couples in 1996*[1]


[1]Couples with at least one spouse age 65 or over.

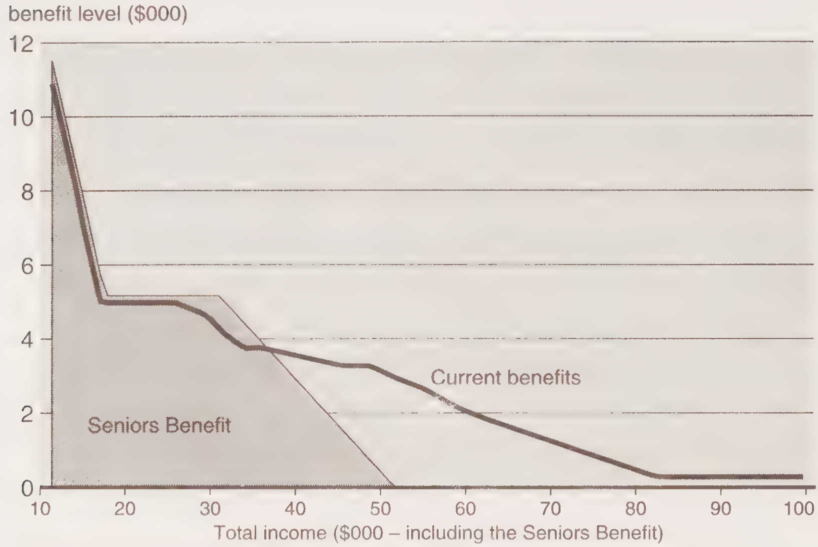
The vast majority of single seniors and couples have incomes under $40,000 today. The chart below shows that the majority of seniors have relatively modest incomes. In 1996, 46 per cent of seniors are estimated to have incomes below $20,000 and rely heavily on OAS and GIS to meet their needs, and a further 33 per cent have total incomes between $20,000 and $40,000. Only 5 per cent have incomes over $75,000.

If all single seniors and couples were under the new system in 2001, 75 per cent of them would receive the same or higher benefits, (almost all of whom would receive higher benefits). About 16 per cent with higher incomes would continue to receive benefits, but at a lower level. Those with the highest incomes – 9 per cent – would no longer receive any government assistance.

The next chart compares the projected level of assistance in 2001 under the current system and the proposed Seniors Benefit for typical single seniors.

**Chart 3**

*Comparing benefits for single seniors*




Note: This applies to seniors who do not keep their OAS payments. Typical benefit levels for those who do are shown in Annex Table 2.

Under the new benefit, 9 out of 10 single women will receive increased assistance. (Women make up about 58 per cent of the seniors population, and many are single with low or modest incomes.) The better targeting of assistance under the Seniors Benefit will help this group of seniors.

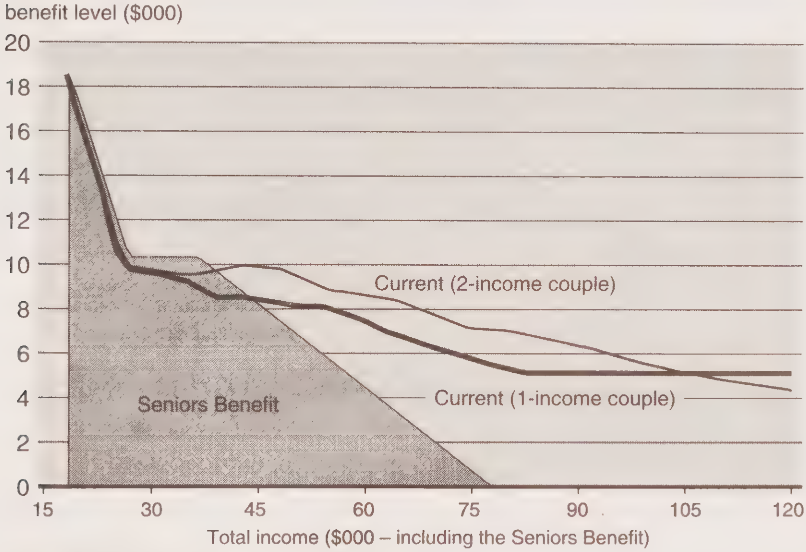
In general, single seniors with annual incomes under the current system (including OAS/GIS) up to approximately $40,000 will receive higher benefits as a result of the shift to the Seniors Benefit.

Once in the new system, single seniors will no longer receive government assistance when their annual income exceeds $52,000.

The next chart compares the projected level of assistance in 2001 under the current system and the Seniors Benefit for typical couples.

**Chart 4**

*Comparing benefits for senior couples*[1]




[1]Couples with at least one spouse age 65 or over.

Note: This applies to seniors who do not keep their OAS payments. Typical benefit levels for those who do are shown in Annex Table 2.

Under the current system, through most of the middle- and upper-income ranges, two-income couples (couples where both spouses have incomes other than OAS/GIS) receive significantly higher levels of assistance than one-income couples, even when both these couples have the *same* combined income. The extra benefits for two-income couples arise because their combined income is split between two individuals, so they are less affected by the individual-based taxation and recovery of benefits than one-income couples.

The Seniors Benefit eliminates this distortion. All couples will now be treated in exactly the same way. As a result, two-income couples with annual incomes under the current system (including OAS/GIS) of less than $40,000 will generally receive higher benefits as a result of the shift to the new system. One-income couples with annual incomes under the current system (including OAS/GIS) up to approximately $45,000 will receive higher benefits.

Once in the new system, senior couples will no longer receive assistance when their annual income exceeds $78,000.

## Examples of the New System in Action

The following pages provide examples of how the new system will affect typical single seniors and couples in 2001. In these examples, the calculation of after-tax benefits under the current system takes into account federal income taxes and provincial income taxes for a typical province.

## *Isabella*

Isabella, a widow, is 77 today. **In 2001 she will have no income other than OAS and GIS.** Under the current system, Isabella would receive $5,160[1] a year in OAS plus the maximum GIS of $6,140. She would not pay any income taxes, so her net benefit and total income under the current system would be $11,300.

Under the new system, Isabella will choose the Seniors Benefit over her current OAS and GIS since it will provide her with an increase in benefits of $120 a year.

*Benefits for Isabella in 2001*

| Current system | | Seniors Benefit | |
|---|---|---|---|
| (dollars per year) | | | |
| GIS payments | 6,140 | New payments | 11,420 |
| OAS payments | 5,160 | | |
| Tax on OAS | 0 | | |
| Net benefit | 11,300 | Net benefit | 11,420 |
| | | **Net gain** | **$120** |
| **Income after taxes[1]** | **$11,600** | | **$11,720** |

[1] Includes the maximum GST credit of $300 a year.

[1] OAS payments are expected to be about $4,760 in 1996. Based on the inflation assumptions underlying the Fiscal Plan, they are projected to increase to $5,160 in 2001.

### *Jane and Dale*

Dale, a retired fisherman, is age 74 today. Jane is 73.

In 2001, Dale will receive $4,300 a year from the Canada Pension Plan and $3,700 from his registered retirement income fund. Jane has no private pension or investment income. **Their combined income, excluding OAS, will be $8,000.** Under the current system, Dale and Jane would each receive $7,160 a year in combined OAS/GIS payments. Their total income, including OAS/GIS, would be $22,320.

Under the current system, the income tax on Dale's OAS would be fully offset by his age credit and the transfer of Jane's age credit, so neither spouse would pay income tax. Under the current system, their net benefits would be $14,320.

Under the new system, Jane and Dale will choose to move to the Seniors Benefit instead of keeping their OAS/GIS payments because the Seniors Benefit will provide them with tax-free payments of $14,440 a year – a net gain of $120.

*Benefits for Jane and Dale in 2001*

| Current system | | Seniors Benefit | |
|---|---|---|---|
| (dollars per year) | | | |
| GIS payments | 4,000 | New payments | 14,440 |
| OAS payments | 10,320 | | |
| Tax on OAS | -1,480 | | |
| Age credit | 1,480 | | |
| Pension credit | – | | |
| Net benefit | 14,320 | Net benefit | 14,440 |
| | | **Net gain** | **$120** |
| **Income after taxes**[1] | **$22,720** | | **$22,840** |

[1] Includes maximum GST credit of $400.

### *Mary*

Mary, a widow, is 70 today. In 2001, she will receive a survivors benefit under the Canada Pension Plan of $5,350 a year, and interest income of $4,650 from guaranteed investment certificates. **Her income, excluding OAS, will be $10,000.** Under the current system, Mary would receive $5,160 a year in OAS and a further $1,140 in GIS. Her total income in that year, including government benefits, would be $16,300.

Under the current system, Mary would have to pay income taxes on her OAS even though she would qualify for GIS. She would be eligible for the age credit, but not the pension income credit since Canada Pension Plan benefits do not qualify for the credit. Mary's net benefits would be $5,840 a year.

Mary will choose to move to the Seniors Benefit instead of keeping her OAS payments because the Seniors Benefit will provide her with tax-free payments of $6,420 a year – a gain of $580. While her payments are $120 a year higher under the Seniors Benefit, her net gain is larger because the new payments are completely tax free.

*Benefits for Mary in 2001*

| Current system | | Seniors Benefit | |
|---|---|---|---|
| | (dollars per year) | | |
| GIS payments | 1,140 | New payments | 6,420 |
| OAS payments | 5,160 | | |
| Tax on OAS | -1,410 | | |
| Age credit | 950 | | |
| Net benefit | 5,840 | Net benefit | 6,420 |
| | | Net gain | $580 |
| Income after taxes | $15,170 | | $15,750 |

### *Peter and Martha*

Peter, a retired mechanic, is age 62 today. Martha, a home-maker, is 61.

In 2001, Peter will receive $5,900 a year from the Canada Pension Plan and $7,200 in pension income from his former employer. He will also receive $4,900 in interest income from guaranteed investment certificates. Martha has no private pension or investment income. **Their combined income, excluding OAS, will be $18,000.** Under the current system, both Martha and Peter would receive $5,160 a year in OAS payments. Their total income, including OAS, would be $28,320.

Under the current system, Peter would have to pay income taxes on OAS, and his spousal credit would be reduced on account of Martha's OAS. He would claim the pension income credit, an age credit for himself, and a transfer of Martha's age credit. When all the tax interactions are taken into account, Martha and Peter's net benefits would be $9,710.

Martha and Peter will choose to move to the Seniors Benefit instead of keeping their OAS payments because the Seniors Benefit will provide them with tax-free payments of $10,320 a year – a net gain of $610.

*Benefits for Peter and Martha in 2001*

| Current system | | Seniors Benefit | |
|---|---|---|---|
| (dollars per year) | | | |
| OAS payments | 10,320 | New payments | 10,320 |
| Tax on OAS | -2,790 | | |
| Age credit | 1,910 | | |
| Pension credit | 270 | | |
| Net benefit | 9,710 | Net benefit | 10,320 |
| | | **Net gain** | **$610** |
| **Income after taxes** | **$26,420** | | **$27,030** |

### *Kei*

Kei, a retired factory worker, is 59 today. In 2001, she will receive $13,500 in pension income from her former employer, $7,300 from the Canada Pension Plan and $1,200 in interest income from guaranteed investment certificates. **Her income, excluding OAS, will be $22,000.** Under the current system, Kei would receive $5,160 a year in OAS. Her total income, including OAS, would be $27,160.

Under the current system, Kei would pay income tax on her OAS. She would claim a partially income-tested age credit and the pension income credit. Her net benefits under the current system would be $4,860.

Under the new system, Kei does not meet the age requirement for choosing OAS but it does not matter because she is better off under the new system. The new payments are equal to her current OAS payments, but are worth more because they are tax free. She has a net gain of $300.

*Benefits for Kei in 2001*

| Current system | | Seniors Benefit | |
|---|---|---|---|
| (dollars per year) | | | |
| OAS payments | 5,160 | New payments | 5,160 |
| Tax on OAS | -1,470 | | |
| Age credit | 900 | | |
| Pension credit | 270 | | |
| Net benefit | 4,860 | Net benefit | 5,160 |
| | | Net gain | $300 |
| Income after taxes | $22,910 | | $23,210 |

### *Stephen*

Stephen, a retired automobile salesperson, is 60 today. In 2001, Stephen will receive $23,500 from his registered retirement income fund, $6,900 from the Canada Pension Plan, and $1,600 in investment income from his stocks and bonds. **His income, excluding OAS, will be $32,000.** Under the current system, he would also receive $5,160 in OAS, for a total income of $37,160.

Under the current system, Stephen would be eligible to claim the pension income credit and a partially income-tested age credit. When all the taxes and tax credits are taken into account, Stephen would receive $3,770 in net benefits.

Stephen will choose to move to the Seniors Benefit instead of keeping OAS. Under the Seniors Benefit, he will receive $3,950 a year in tax-free payments – a net gain of $180.

*Benefits for Stephen in 2001*

| Current system | | Seniors Benefit | |
|---|---|---|---|
| | (dollars per year) | | |
| OAS payments | 5,160 | New payment | 3,950 |
| Tax on OAS | -2,150 | | |
| Age credit | 490 | | |
| Pension credit | 270 | | |
| Net benefit | 3,770 | Net benefit | 3,950 |
| | | Net gain | $180 |
| Income after taxes | $28,430 | | $28,610 |

### *Antonio and Carolina*

Antonio, age 62 today, operates a small business. Carolina, 63, is a home-maker.

In 2001, Antonio will have $31,300 in income from his business and $4,700 from the Canada Pension Plan. Carolina has no income other than OAS. **Their combined income, excluding OAS, will be $36,000.** Under the current system, both would receive $5,160 in OAS. Their total combined income, including OAS, would be $46,320.

Under the current system, Antonio would pay income tax on OAS, would have his spousal credit reduced by Carolina's OAS. Antonio would claim a partially income-tested age credit and a transfer of Carolina's age credit, but not the pension income credits since CPP benefits do not qualify for the credit. When all the tax interactions are taken into account, their net benefits would be $8,180.

Under the Seniors Benefit, they would receive tax-free payments of $8,310 a year, resulting in a net gain of $130.

*Benefits for Antonio and Carolina in 2001*

| Current system | | Seniors Benefit | |
|---|---|---|---|
| | (dollars per year) | | |
| OAS payments | 10,320 | New payment | 8,310 |
| Tax on OAS | -3,420 | | |
| Age credit | 1,280 | | |
| Net benefit | 8,180 | Net benefit | 8,310 |
| | | Net gain | $130 |
| Income after taxes | $36,640 | | $36,770 |

## *Correcting the Inequity*

In the following two examples Dimitri and Katrina would receive higher benefits under the current system than Boris and Elizabeth despite the fact that they have the same combined income. The new benefit will eliminate this inequity and provide equal assistance to couples with the same incomes.

## *Dimitri and Katrina*

Dimitri, a retired insurance agent, is age 59 today. Katrina, a retired payroll clerk, is also age 59.

In 2001, Dimitri will receive $14,750 a year from his registered retirement income fund, $5,300 from the Canada Pension Plan and $3,950 from his investments. Katrina will receive $9,700 a year in pension income from her former employer and $6,300 from the Canada Pension Plan. **Their combined income, excluding OAS, will be $40,000.** Under the current system, both Katrina and Dimitri would receive $5,160 a year in OAS payments. Their total family income, including OAS, would be $50,320.

Under the current system, Dimitri would have to pay income tax on OAS, but would claim a partially income-tested age credit and a pension income credit. Katrina would claim a full age and pension income credit for herself. When all the tax interactions are taken into account, their net benefits would be $9,820 a year.

Dimitri and Katrina do not meet the age requirement for choosing to keep OAS, so they will automatically move to the Seniors Benefit in 2001 where they will receive tax-free payments of $7,510 a year – a net loss of $2,310.

*Benefits for Dimitri and Katrina in 2001*

| Current system | | Seniors Benefit | |
|---|---|---|---|
| (dollars per year) | | | |
| OAS payments | 10,320 | New payments | 7,510 |
| Tax on OAS | -2,820 | | |
| Age credit | 1,770 | | |
| Pension credit | 550 | | |
| Net benefit | 9,820 | Net benefit | 7,510 |
| | | **Net reduction** | **$2,310** |
| Income after taxes | $42,410 | | $40,100 |

## *Boris and Elizabeth*

Boris, a retired plant manager, is age 59 today. Elizabeth, a community hospital volunteer, is also 59.

In 2001, Boris will receive $30,800 in pension income from his former employer and $9,200 from the Canada Pension Plan. Elizabeth will have no income other than OAS. **Their combined income, excluding OAS, will be $40,000**. Under the current system, both would receive $5,160 a year in OAS payments. Their total family income, including OAS, would be $50,320.

Under the current system, Boris would pay income taxes on his OAS and have his spousal credit reduced by Elizabeth's OAS. He would claim a pension income credit, a partially income-tested age credit and a transfer of Elizabeth's age credit. Their net benefits would be $8,290.

Boris and Elizabeth do not meet the age requirement for choosing to keep OAS, so they will automatically move to the Seniors Benefit in 2001. Their tax-free payments under the new system will be $7,510 a year – a net loss of $780.

Boris and Elizabeth will have a smaller loss under the new system than Dimitri and Katrina. Both couples will receive the same level of benefits under the new system, but Boris and Elizabeth would receive less under the current system. Because their income is all in the hands of one spouse, they lose more from the individual-based taxation of OAS and income test of the age credit than Dimitri and Katrina, whose income is split almost evenly.

*Benefits for Boris and Elizabeth in 2001*

| Current system | | Seniors Benefit | |
|---|---|---|---|
| | (dollars per year) | | |
| OAS payments | 10,320 | New payments | 7,510 |
| Tax on OAS | -3,420 | | |
| Age credit | 1,120 | | |
| Pension credit | 270 | | |
| Net benefit | 8,290 | Net benefit | 7,510 |
| | | Net reduction | $780 |
| Income after taxes | $39,080 | | $38,300 |

### *Karen and Gerard*

Karen is 67 today. Gerard a retired consultant, is 64.

In 2001, Gerard will withdraw $20,800 from his registered retirement income plan, receive $28,450 in investment income and $8,750 from the Canada Pension Plan. Karen has no income other than OAS. **Their combined income, excluding OAS, will be $58,000.** Under the current system, both would receive $5,160 in OAS. Their total family income, including OAS, would be $68,320.

Under the current system, Gerard would pay income tax on OAS, would have his spousal credit reduced by Karen's OAS, and would repay $1,490 of his OAS through the high-income recovery. Gerard's income would be too high to claim the age credit, but he would claim a transfer of Karen's age credit, as well as the pension income credit. When all the tax interactions are taken into account, their net benefits would be $7,130.

Under the Seniors Benefit, they would receive $3,910 a year, resulting in a loss of $3,220. Therefore, they will choose to keep their OAS payments, which will leave them with a net benefit of $5,910 after taxes and recoveries. Their income taxes will increase by $1,220 a year because of the elimination of the age and pension income credits.

*Benefits for Karen and Gerard in 2001*

| Current system | | Seniors Benefit | | Keep OAS payments | |
|---|---|---|---|---|---|
| | | (dollars per year) | | | |
| OAS payments | 10,320 | New Payment | 3,910 | OAS payments | 10,320 |
| OAS recovery | -1,490 | | | OAS recovery | -1,490 |
| Tax on OAS | -2,920 | | | Tax on OAS | -2,920 |
| Age credit | 950 | | | Age credit | 0 |
| Pension credit | 270 | | | Pension credit | 0 |
| Net benefit | 7,130 | Net benefit | 3,910 | Net benefit | 5,910 |
| | | | | Net reduction | $1,220 |
| Income after taxes | $48,380 | | | | $47,160 |

### *Shannon and Kevin*

Shannon, a semi-retired partner in an accounting firm, is 64 today. Kevin, a retired teacher, is 67.

In 2001, Shannon will receive $21,000 in partnership income from her firm, $16,000 in investment income, $7,400 from the Canada Pension Plan, and $9,600 from her registered retirement income plan. Kevin will receive a pension of $29,000 from his former school board and $7,000 from the Canada Pension Plan. **Their combined income, excluding OAS, will be $90,000.** Under the current system, both would each receive $5,160 in OAS. Their total income, including OAS, would be $100,320.

Under the current system, Shannon and Kevin would both pay income tax on OAS, and Shannon would repay $890 of her OAS through the high-income recovery. Shannon's income would be too high to claim the age credit while Kevin would be able to claim a partial age credit. Both would claim the pension income credit. They would receive $6,350 in net benefits.

Under the Seniors Benefit, their benefits would drop to zero, resulting in a loss of $6,350. Therefore, Kevin and Shannon will choose to keep their OAS payments, which will leave them with a net after-tax benefit of $5,480. They will face an income tax increase of $870 a year because of the elimination of the age and pension income credits.

*Benefits for Shannon and Kevin in 2001*

| Current system | | Seniors Benefit | | Keep OAS payments | |
|---|---|---|---|---|---|
| | | (dollars per year) | | | |
| OAS payments | 10,320 | New payment | 0 | OAS payments | 10,320 |
| OAS recovery | -890 | | | OAS recovery | -890 |
| Tax on OAS | -3,950 | | | Tax on OAS | -3,950 |
| Age credit | 330 | | | Age credit | 0 |
| Pension credit | 540 | | | Pension credit | 0 |
| Net benefit | 6,350 | Net benefit | 0 | Net benefit | 5,480 |
| | | | | Net reduction | $870 |
| Income after taxes | $70,790 | | | | $69,920 |

### *Rod and Heather*

Rod, a psychiatrist, is age 59 today. Heather is also 59.

In 2001, Rod will still be working. He will earn $98,500 from his practice and will recieve $21,500 in investment income from stocks and bonds. Heather has no income other than OAS. **Their combined income, excluding OAS will be $120,000.** Under the current system, both would receive $5,160 in OAS. Their total family income, including OAS, would be $130,320.

Under the current system, Rod would repay all of his OAS through the high-income recovery and would have his spousal credit reduced by Heather's OAS. Rod's income would be too high to claim the age credit, but he would claim a transfer of Heather's age credit. When all the tax interactions are taken into account, their net benefits would be $4,830.

Under the new system, Rod and Heather do not meet the age requirement for choosing to keep the OAS, so they will automatically move to the Seniors Benefit in 2001 where they will no longer receive government assistance. They will have a net loss of $4,830 a year.

*Benefits for Rod and Heather in 2001*

| Current system | | Seniors Benefit | |
|---|---|---|---|
| | (dollars per year) | | |
| OAS payments | 10,320 | New payments | 0 |
| OAS recovery | -5,160 | | |
| Tax on OAS | -1,310 | | |
| Age credit | 980 | | |
| Net benefit | 4,830 | Net benefit | 0 |
| | | **Net reduction** | **$4,830** |
| **Income after taxes** | **$78,400** | | **$73,570** |

# Annex

## Projected Levels of the Seniors Benefit in 2001

For those who have not reached age 60 by December 31, 1995, this table shows projected benefit levels under the Seniors Benefit in 2001.

To determine your projected benefit, simply find the benefit level from column 2 (single seniors) or column 3 (couples) that corresponds to the income level that is closest to your anticipated income in 2001 from all sources other than OAS/GIS.

**Table 1**
*Projected levels of the Seniors Benefit in 2001*

| Income | Tax-free Seniors Benefit for single seniors | Tax-free Seniors Benefit for senior couples |
|---|---|---|
| | (dollars per year) | |
| 0 | 11,420 | 18,440 |
| 2,000 | 10,420 | 17,440 |
| 4,000 | 9,420 | 16,440 |
| 6,000 | 8,420 | 15,440 |
| 8,000 | 7,420 | 14,440 |
| 10,000 | 6,420 | 13,440 |
| 12,000 | 5,420 | 12,440 |
| 14,000 | 5,160 | 11,440 |
| 16,000 | 5,160 | 10,440 |
| 18,000 | 5,160 | 10,320 |
| 20,000 | 5,160 | 10,320 |
| 22,000 | 5,160 | 10,320 |
| 24,000 | 5,160 | 10,320 |
| 26,000 | 5,150 | 10,310 |
| 28,000 | 4,750 | 9,910 |
| 30,000 | 4,350 | 9,510 |
| 32,000 | 3,950 | 9,110 |
| 34,000 | 3,550 | 8,710 |
| 36,000 | 3,150 | 8,310 |
| 38,000 | 2,750 | 7,910 |
| 40,000 | 2,350 | 7,510 |
| 42,000 | 1,950 | 7,110 |
| 44,000 | 1,550 | 6,710 |
| 46,000 | 1,150 | 6,310 |
| 48,000 | 750 | 5,910 |
| 50,000 | 350 | 5,510 |

**Table 1** *(cont'd)*
*Projected levels of the Seniors Benefit in 2001*

| Income | Tax-free Seniors Benefit for single seniors | Tax-free Seniors Benefit for senior couples |
|---|---|---|
| | (dollars per year) | |
| 52,000 | 0 | 5,110 |
| 54,000 | 0 | 4,710 |
| 56,000 | 0 | 4,310 |
| 58,000 | 0 | 3,910 |
| 60,000 | 0 | 3,510 |
| 62,000 | 0 | 3,110 |
| 64,000 | 0 | 2,710 |
| 66,000 | 0 | 2,310 |
| 68,000 | 0 | 1,910 |
| 70,000 | 0 | 1,510 |
| 72,000 | 0 | 1,110 |
| 74,000 | 0 | 710 |
| 76,000 | 0 | 310 |
| 78,000 and above | 0 | 0 |

*Structure of the Seniors Benefit.* The maximum benefit is $11,420 ($18,440 for a couple), $120 more than the projected maximum value of OAS/GIS in 2001. The benefit is reduced by 50 cents for each dollar of income until it reaches $5,160 per senior which is equal to the level of current OAS payments adjusted for projected inflation to the year 2001. Beginning at an income level of $25,921, the benefit is reduced by 20 cents for each dollar of additional income.

## Projected Benefits for Those Age 60 and Over

For those who have reached age 60 by December 31, 1995, the following tables – for singles, one-income couples and two-income couples – provide the Seniors Benefit and the after-tax value of OAS in 2001.

To determine your expected benefit, simply read across from the income level that is closest to your anticipated income in 2001 from all sources other than OAS/GIS.

The tables show the most advantageous benefit – the new Seniors Benefit or the after-tax value of OAS.

*Note:* The estimate of the after-tax value of OAS is based on a typical senior in an average province. Precise values will vary by province of residence, source of income, and in the case of two-income couples, the distribution of income between the spouses.

**Making the choice:** The actual choice between the Seniors Benefit and OAS will need to be made only when the Seniors Benefit is about to be introduced in 2001, not now. In the months before the new benefit is implemented, the government will provide benefit information to all seniors, based on their own situations, to assist them in making the best choice.

**Table 2A**
*Projected benefits for single seniors in 2001*

| Income | Tax-free Seniors Benefit | Net benefit under OAS/GIS |
|---|---|---|
| | (dollars per year) | |
| 0 | 11,420 | |
| 2,000 | 10,420 | |
| 4,000 | 9,420 | |
| 6,000 | 8,420 | |
| 8,000 | 7,420 | |
| 10,000 | 6,420 | |
| 12,000 | 5,420 | |
| 14,000 | 5,160 | |
| 16,000 | 5,160 | |
| 18,000 | 5,160 | |
| 20,000 | 5,160 | |
| 22,000 | 5,160 | |
| 24,000 | 5,160 | |
| 26,000 | 5,150 | |
| 28,000 | 4,750 | |
| 30,000 | 4,350 | |
| 32,000 | 3,950 | |
| 34,000 | 3,550 | |
| 36,000 | 3,150 | |
| 38,000 | | 3,000 |
| 40,000 | | 3,000 |
| 42,000 | | 3,000 |
| 44,000 | | 3,000 |
| 46,000 | | 3,000 |
| 48,000 | | 3,000 |
| 50,000 | | 2,830 |

**Table 2A** *(cont'd)*
*Projected benefits for single seniors in 2001*

| Income | Tax-free Seniors Benefit | Net benefit under OAS/GIS |
|---|---|---|
| | (dollars per year) | |
| 52,000 | | 2,660 |
| 54,000 | | 2,480 |
| 56,000 | | 2,270 |
| 58,000 | | 2,010 |
| 60,000 | | 1,780 |
| 62,000 | | 1,590 |
| 64,000 | | 1,440 |
| 66,000 | | 1,280 |
| 68,000 | | 1,130 |
| 70,000 | | 970 |
| 72,000 | | 810 |
| 74,000 | | 660 |
| 76,000 | | 500 |
| 78,000 | | 350 |
| 80,000 | | 190 |
| 82,000 | | 40 |
| 84,000 and above | | 0 |

**Table 2B**

*Projected benefits for one-income[1] couples in 2001*

| Couple's income | Tax-free Seniors Benefit | Net benefit under OAS/GIS |
|---|---|---|
| | (dollars per year) | |
| 0 | 18,440 | |
| 2,000 | 17,440 | |
| 4,000 | 16,440 | |
| 6,000 | 15,440 | |
| 8,000 | 14,440 | |
| 10,000 | 13,440 | |
| 12,000 | 12,440 | |
| 14,000 | 11,440 | |
| 16,000 | 10,440 | |
| 18,000 | 10,320 | |
| 20,000 | 10,320 | |
| 22,000 | 10,320 | |
| 24,000 | 10,320 | |
| 26,000 | 10,310 | |
| 28,000 | 9,910 | |
| 30,000 | 9,510 | |
| 32,000 | 9,110 | |
| 34,000 | 8,710 | |
| 36,000 | 8,310 | |
| 38,000 | 7,910 | |
| 40,000 | 7,510 | |
| 42,000 | 7,110 | |
| 44,000 | | 6,900 |
| 46,000 | | 6,900 |
| 48,000 | | 6,900 |
| 50,000 | | 6,730 |

**Table 2B** *(cont'd)*
*Projected benefits for one-income[1] couples in 2001*

| Couple's income | Tax-free Seniors Benefit | Net benefit under OAS/GIS |
|---|---|---|
| | (dollars per year) | |
| 52,000 | | 6,550 |
| 54,000 | | 6,380 |
| 56,000 | | 6,170 |
| 58,000 | | 5,910 |
| 60,000 | | 5,680 |
| 62,000 | | 5,500 |
| 64,000 | | 5,310 |
| 66,000 | | 5,140 |
| 68,000 | | 4,980 |
| 70,000 | | 4,830 |
| 72,000 | | 4,670 |
| 74,000 | | 4,520 |
| 76,000 | | 4,360 |
| 78,000 | | 4,200 |
| 80,000 | | 4,050 |
| 82,000 | | 3,890 |
| 84,000 | | 3,860 |
| 86,000 and above | | 3,860 |

[1] Assumes that all the income of the couple is in the hands of one spouse.

**Table 2C**
*Projected benefits for two-income[1] couples in 2001*

| Couple's income | Tax-free Seniors Benefit | Net benefit under OAS/GIS |
|---|---|---|
| | (dollars per year) | |
| 0 | 18,440 | |
| 2,000 | 17,440 | |
| 4,000 | 16,440 | |
| 6,000 | 15,440 | |
| 8,000 | 14,440 | |
| 10,000 | 13,440 | |
| 12,000 | 12,440 | |
| 14,000 | 11,440 | |
| 16,000 | 10,440 | |
| 18,000 | 10,320 | |
| 20,000 | 10,320 | |
| 22,000 | 10,320 | |
| 24,000 | 10,320 | |
| 26,000 | 10,310 | |
| 28,000 | 9,910 | |
| 30,000 | 9,510 | |
| 32,000 | 9,110 | |
| 34,000 | 8,710 | |
| 36,000 | 8,310 | |
| 38,000 | 7,910 | |
| 40,000 | 7,510 | |
| 42,000 | | 7,390 |
| 44,000 | | 7,210 |
| 46,000 | | 7,040 |
| 48,000 | | 6,860 |
| 50,000 | | 6,750 |
| 52,000 | | 6,750 |
| 54,000 | | 6,750 |
| 56,000 | | 6,750 |
| 58,000 | | 6,750 |
| 60,000 | | 6,750 |

**Table 2C** *(cont'd)*
*Projected benefits for two-income[1] couples in 2001*

| Couple's income | Tax-free Seniors benefit | Net benefit under OAS/GIS |
|---|---|---|
| | (dollars per year) | |
| 62,000 | | 6,700 |
| 64,000 | | 6,580 |
| 66,000 | | 6,460 |
| 68,000 | | 6,350 |
| 70,000 | | 6,230 |
| 72,000 | | 6,120 |
| 74,000 | | 6,000 |
| 76,000 | | 6,000 |
| 78,000 | | 6,000 |
| 80,000 | | 6,000 |
| 82,000 | | 5,900 |
| 84,000 | | 5,800 |
| 86,000 | | 5,690 |
| 88,000 | | 5,590 |
| 90,000 | | 5,480 |
| 92,000 | | 5,370 |
| 94,000 | | 5,220 |
| 96,000 | | 5,070 |
| 98,000 | | 4,910 |
| 100,000 | | 4,780 |
| 102,000 | | 4,670 |
| 104,000 | | 4,560 |
| 106,000 | | 4,470 |
| 108,000 | | 4,380 |
| 110,000 | | 4,280 |
| 112,000 | | 4,190 |
| 114,000 | | 4,100 |
| 116,000 | | 4,000 |
| 118,000 | | 3,910 |
| 120,000 | | 3,820 |

[1] Assumes that the couple's income is split 60/40 between the spouses.